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SENSITIVE  
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STATE FOR PM/DTCC - BLUE LANTERN COORDINATOR

E.O. 12958: N/A  
TAGS: [ETTC](#) [KOMC](#) [UY](#) [ES](#)  
SUBJECT: BLUE LANTERN LEVEL 2: PRE-LICENSE END-USE CHECK ON LICENSE  
050200117

REF: 09 STATE 119092

¶1. (SBU) Econoff conducted reftel Blue Lantern pre-license check on November 23 at COSASE's principal San Salvador store, meeting with store manager Mario Serrano and general administrative manager Romero Hernandez. Responses to reftel questions follow:

¶2. (SBU) COSASE was established over 20 years ago as a security company, still its primary business, and has moved to offer a "comprehensive" package including security, alarm systems and monitoring, weapons sales, and a shooting range. COSASE now operates four stores in El Salvador, two in San Salvador, one in Santa Ana, and one in San Miguel.

¶3. (SBU) COSASE is owned by Miguel Menendez, a Salvadoran businessman (and former race car driver) who also holds substantial coffee interests. Menendez gained new prominence as one of the main private sector backers and "friends" of President Mauricio Funes. Menendez has now accepted a Presidential appointment as chairman of El Salvador's International Fairgrounds and Convention Center (CIFCO).

¶4. (SBU) According to Serrano, COSASE sells about 800 U.S.-made weapons for 2009, both to private individuals and other security firms. Because of El Salvador's deteriorating security situation, Serrano added, COSASE's arms business was growing rapidly. COSASE is a dealer for Smith and Wesson, Remington, and Glock, as well as El Salvador's exclusive dealer for Remington-branded ammunition. They are licensed by the Ministry of Defense to be able to import weapons to El Salvador.

¶5. (SBU) Regarding purchase order No. 01-2009, Serrano said Glock America S.A. of Uruguay was Glock's authorized sales agent for El Salvador and therefore handled all their Glock purchases. The weapons shipment itself will come from Glock Austria, only trans-shipping the United States, and will be paid by wire transfer directly to Glock Austria. Asked why the purchase order said "\$0" and "cash," Serrano replied that this is what Glock had told them to use for the license paperwork, since Glock has not yet issued the final invoice with the total purchase price. Hernandez said that Glock shipments usually came directly from Austria to El Salvador, and equated the US license process, which involved Glock USA, to the requirement that Salvadorans have a US visa to transit

Miami on the way to/from Europe.

¶6. (SBU) Both Serrano and Hernandez were aware of the regulations governing the import of U.S.-origin defense articles, but not the restrictions on re-transfer and re-export, noting that they were not authorized for re-export by the Ministry of Defense.

¶7. (SBU) COMMENT: COSASE is a well-known, established, respected, and now politically well-connected Salvadoran company. On COSASE's end, the Glock purchase appears legitimate and part of their regular business. Paperwork issues stem from poor advice from Glock, not any ill-intent on the part of COSASE.  
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